

REPORT ON EXAMINATION

IMPERIAL COUNTY

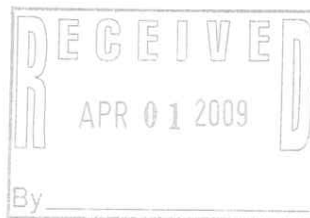
MAJOR NARCOTICS VENDOR PROGRAM

O.E.S. GRANT NO. VB07050130

JULY 1, 2007 TO JUNE 30, 2008



DATE RECEIVED:



AUDIT REVIEW #(s) 04503

Assigned To: Mout

Date Reviewed: 4/2/09

Reviewer's Initials: DM

Date Review(s) Completed: 4/2/09

REPORT ON EXAMINATION
IMPERIAL COUNTY
MAJOR NARCOTICS VENDOR PROGRAM

O.E.S. GRANT NO. VB07050130

JULY 1, 2007 TO JUNE 30, 2008

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AUDITOR-CONTROLLER

February 11, 2009

Board of Supervisors
County of Imperial
and,
Gilbert Otero
District Attorney
and,
James Stewart
Chief, Audit Division
Office of Emergency Services
Criminal Justice Program Division
3650 Schriever Avenue
Mather, CA 95655

Honorable Board Members
and,
Mr. Otero
and,
Mr. Stewart:

We have audited the statement of comparison of Reported and Audited Expenditures, Status of Federal Cash and Charges in Fund Balance, and Statement of Approved and Cumulative Expenditures for the grant period July 1, 2007 to June 30, 2008. Our audit procedures included an examination of the quarterly fiscal reports (OES 201) submitted by the Imperial County District Attorney's Office for the Major Narcotics Vendor Program. Our examination was made in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statements and schedules provided are free of material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statements and schedules. An audit also includes assessing the accounting principles used and significant estimates made by management and evaluating the overall presentation of the statements and schedules. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Statement of Comparison of Reported and Audited Expenditures list direct allowable expenditures of \$275,809.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2009 on our consideration of the Imperial County District Attorney's Office Major Narcotics Vendor Program grant's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial operations of the Major Narcotics Vendor Program for the twelve months ended June 30, 2008, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Respectfully submitted,

A handwritten signature in cursive script that reads "Douglas Newland". The signature is written in dark ink and is positioned above the printed name and title.

Douglas R. Newland, CPA
Auditor-Controller

IMPERIAL COUNTY DISTRICT ATTORNEY

MAJOR NARCOTICS VENDOR PROGRAM

GENERAL INFORMATION

NAME OF AGENCY:

Imperial County District Attorney
Major Narcotics Vendor Program

PROJECT NUMBER:

VB07050130

TYPE OF AGENCY:

Governmental

AGENCY ADDRESS:

940 Main Street
El Centro, CA 92243

CHIEF EXECUTIVE OFFICIAL:

Gilbert Otero
District Attorney

AUDIT PERIOD:

July 1, 2007 through June 30, 2008

ACCOUNTANT'S COMMENTS

PURPOSE

The purpose of our examination of the fiscal reports and financial records was to enable us to form an opinion of the accountability of the Imperial County District Attorney's Major Narcotics Vendor Program for the grant period July 1, 2007 to June 30, 2008.

REVENUE

Revenue received from the State Office of Emergency Services (OES) during the grant period totaled \$114,827. Subsequent to the audit report date, the Major Narcotics Vendor Program received payment from the OES for the billing periods of January – March and April - June, 2008 in the amount of \$160,982. The payment was received September 3, 2008.

EXPENDITURES

Disbursements for the Major Narcotics Vendor Program were made by the Auditor–Controller upon demands issued by authorized personnel in the District Attorney's office.

Total allowable audited expenditures were \$275,809. The department requested reimbursement of \$275,809. The department exceeded the expenditures approved by the OES budget by \$713.

CONCLUSION

Imperial County's Major Narcotics Vendor Program received total revenue of \$275,809 from the State Office of Emergency Services. MNVP incurred allowable program expenditures of \$276,522; however, total expenditures for fiscal year 2007-08 reported to the State Office of Emergency Services were \$275,809.

The District Attorney's office over spent \$713 from the current approved OES budget.

SUMMARY OF FINDINGS AND RECOMMENDATIONS

1) FINDING – OVER EXPENDITURES OF \$713

CONDITION

The Office of Emergency Services awarded a grant in the amount of \$275,809. The District Attorney's office expended \$276,522 resulting in the grant being over spent by \$713.

EFFECT

The department must find another source of funds to cover the over expenditures.

CAUSE

The MNVP budget was not closely monitored.

CRITERIA

OES grant approved budget.

RECOMMENDATION

The District Attorney's office needs to transfer \$713 from other funding sources to cover the additional expenditures. In addition, budget should be closely monitored.

MANAGEMENT RESPONSE

We do not dispute this finding and we concur with the Auditor's recommendation. The District Attorney's office will transfer \$713 from 1020001-530005 Special Department Expense to 1523001-493000 Reimbursement for Services Provided. A copy of the journal entry is attached. In addition, we will follow the Auditor's Office recommendation to closely monitor the budget in order to maximize use of grant funds.

EXHIBIT A

IMPERIAL COUNTY DISTRICT ATTORNEY
MAJOR NARCOTICS VENDOR PROGRAM
GRANT NO. VB07050130
STATUS OF FEDERAL CASH AND CHANGES IN FUND BALANCE
FOR THE GRANT PERIOD JULY 1, 2007 TO JUNE 30, 2008

OES Revenues (Requests 1 & 2 FY 07-08)	\$ 114,827
OES Revenues FY 2006-07	6,331
Accounts Receivable (FY 07-08 3 & 4 Qtr Requests)	<u>160,982</u>
Total OES Revenues	282,140
Transfer D.A.-Special Account (Fiscal Year 2005-06)	<u>108,766</u>
Total Revenues	390,906
Expenditures	<u>276,522</u>
Excess of Revenues Over (Under) Expenditures	114,384
Fund Balance - July 1, 2007	<u>(82,393)</u>
Fund Balance - June 30, 2008	<u>\$ 31,991</u>

IMPERIAL COUNTY DISTRICT ATTORNEY
MAJOR NARCOTICS VENDOR PROGRAM
GRANT NO. VB07050130
STATEMENT OF APPROVED AND CUMULATIVE EXPENDITURES
FOR THE GRANT PERIOD JULY 1, 2007 TO JUNE 30, 2008

DESCRIPTION	OES Grant Funds Approved Budget	Audited Costs	Variance (Over) Under OES Grant Approved Budget	Allowable Audited Costs
Personal Services	\$ 268,403	\$ 269,044	\$ (641)	\$ 268,403
Operating Expense	7,406	7,478	(72)	7,406
	<hr/>	<hr/>	<hr/>	<hr/>
Total	\$ <u>275,809</u>	\$ <u>276,522</u>	\$ <u>(713) (a)</u>	\$ <u>275,809</u>

- (a) The District Attorney's office needs to transfer \$713 from other funding sources to cover the amount over spent.

EXHIBIT C

IMPERIAL COUNTY DISTRICT ATTORNEY
MAJOR NARCOTICS VENDOR PROGRAM
GRANT NO. VB07050130
STATEMENT OF CUMULATIVE REPORTED AND AUDITED EXPENDITURES
FOR THE GRANT PERIOD JULY 1, 2007 TO JUNE 30, 2008

<u>DESCRIPTION</u>	<u>Per Requests OES-201</u>	<u>Audit Adjustments</u>	<u>Audited Cost</u>	<u>Reporting Adjustments</u>	<u>Allowable Audited Costs</u>
Personal Services	\$ 268,403	\$ 641	\$ 269,044	\$ (641)	\$ 268,403
Operating Expense	7,406	72	7,478	(72)	7,406
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	\$ <u>275,809</u>	\$ <u>713</u>	\$ <u>276,522</u>	\$ <u>(713)</u>	\$ <u>275,809</u>

SCHEDULE 1

IMPERIAL COUNTY DISTRICT ATTORNEY
MAJOR NARCOTICS VENDOR PROGRAM
GRANT NO. VB07050130
SCHEDULE OF REVENUES
FOR THE GRANT PERIOD JULY 1, 2007 TO JUNE 30, 2008

<u>County Deposit Permit Number</u>	<u>Date of Deposit</u>	<u>Amount</u>
No. 33943	5/05/08	6,331
No. 34328	5/28/08	114,827
		<hr/>
Total Revenue Received		\$ 121,158
Transfer DA-Special Account Fiscal Year 2005-06		108,766
Accounts Receivable at June 30, 2008		<hr/> 160,982
Total Revenue		<hr/> <hr/> \$ 390,906



AUDITOR-CONTROLLER

February 11, 2009

To the Honorable Board of Supervisors
County of Imperial, California
and,
Gilbert Otero
District Attorney
and,
James Stewart
Chief, Audit Division
Office of Emergency Services

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

We have audited the basic financial statements of the Major Narcotics Vendor Program, OES Grant No. VB07050130, for the grant period July 1, 2007 to June 30, 2008 and have issued our report dated February 11, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance and Other Matters

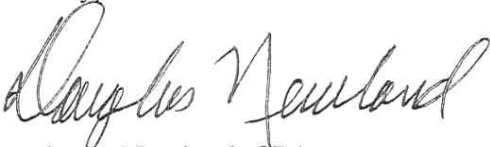
As part of obtaining reasonable assurance about whether the Major Narcotics Vendor Program's financial records are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the County of Imperial, the Imperial County District Attorney's Office and the Major Narcotics Vendor Program's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of Supervisors, management and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specific parties.

Sincerely,

A handwritten signature in black ink, reading "Douglas R. Newland". The signature is written in a cursive, flowing style.

Douglas R. Newland, CPA
Auditor-Controller

IMPERIAL COUNTY
MAJOR NARCOTICS VENDOR PROGRAM
GRANT PERIOD JULY 1, 2006 TO JUNE 30, 2007
GRANT NO. VB06040130

STATUS OF PRIOR YEAR FINDINGS

1) FINDING

The MNVP Grant approved salaries and benefits for three positions, a Deputy District Attorney, an Investigative Assistant, and a Legal Office Assistant. Only the first two positions were charged to the grant; as a result, there were salaries and benefits grant funds available for \$31,608 that could have been used to partially recover salaries and benefits of the Legal Office Assistant.

The District Attorney's office was verbally notified by OES's Program Manager that the State's fiscal year 2006-07 was closed and that any available grant funds were no longer available.

RECOMMENDATION

The District Attorney management should closely monitor the budget in order to maximize use of grant funds.

MANAGEMENT RESPONSE

This office concurs with the auditor's finding and recommendation. We will follow the Auditor's Office recommendation to closely monitor the budget in order to maximize use of grant funds.

RESOLUTION

Grant Award Modifications have been properly used by the District Attorney's office in order to maximize the use of grant funds.

2) FINDING

Expenditures incurred in the April - June, 2007 quarter were \$82,113; however, department requested reimbursement of \$73,025. Therefore, the amount of \$9,088 was underreported to the State Emergency Service Office.

In March 2008, District Attorney's office issued a Revised Final Report of Expenditures and Request for Funds to the OES to recover \$6,331. The underreported amount of

STATUS OF PRIOR YEAR FINDINGS (cont'd)

\$9,088 was adjusted to \$6,331 after a double entry of \$2,758 for audit services was corrected.

RECOMMENDATION

The District Attorney's office should follow up with the State Office of Emergency Services to ensure the Major Narcotic Vendor Program is reimbursed the \$6,331.

MANAGEMENT RESPONSE

We received a reimbursement for \$6,331 on May 2, 2008. This check was deposited in account 1523001-456050 on May 5, 2008, via Deposit Permit No. 33943.

RESOLUTION

On May 5, 2008 the District Attorney's office submitted a deposit permit to the Auditor Controller office to record reimbursement of \$6,331 received from OES. These funds were recovered after a Revised Final Report of Expenditures and Request for Funds was submitted to the State Office of Emergency Services.

3) FINDING

Total operating expenditures incurred in fiscal year 2006-07 for the Major Narcotics Vendor Program were \$27,816. The Grant Award Budget approved the amount of \$24,888 for this category. Therefore, operating expenditures were over budget by \$2,928. A Grant Modification was not completed, resulting in \$2,928 of expenditures not being reimbursed.

RECOMMENDATION

The District Attorney management should monitor the budget by category in order to avoid over expenditures of budget categories. Also, Grant Award Modifications should be sent to OES whenever it is anticipated that a budget category may go over budget.

MANAGEMENT RESPONSE

We do not dispute this finding and we concur with the auditor's recommendation. This office will monitor the budget by category in order to avoid over expenditures and make sure that Grant Award Modifications are sent to OES whenever it is anticipated that a budget category may go over budget.

STATUS OF PRIOR YEAR FINDINGS (cont'd)

RESOLUTION

The District Attorney's office continues to have problems monitoring the MNVP budget. Management needs to closely monitor every budget category and make any necessary transfer or adjustment to this account.